

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 EB-07 L-03 CIAE-00 INR-07 NSAE-00

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R 010608Z DEC 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 9414

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EO 11652: NA

TAGS:EFIN, AS

SUBJ: U.S. - AUSTRALIA TAX TREATY

REF: A. CANBERRA 4404, B. STATE 061313

1. EMBOFF CALLED DECEMBER 1 ON SECOND COMMISSIONER OF TAXATION O'REILLY TO ASCERTAIN STATUS AND OUTCOME OF AUSTRALIAN GOVERNMENT REVIEW OF TAX TREATY PROGRAM DESCRIBED CANBERRA 4404.

2. FYI, O'REILLY HAS BEEN APPOINTED TO SUCCEED SIR EDWARD CAIN AS COMMISSIONER OF TAXATION, AND WILL ASSUME HIS NEW OFFICE DECEMBER 6.

3. CABINET REVIEW OF TAX TREATY PROGRAM HAS BEEN COMPLETED, AND AUSTRALIAN TAX OFFICE HAS CLEARANCE FOR NEGOTIATING PROGRAM OVER COMING TWO YEARS. THIS CLEARANCE INCLUDES AUTHORITY TO RESUME NEGOTIATIONS WITH THE U.S. O'REILLY COMMENTED THAT THE DOCUMENTATION PRESENTED AS A BASIS FOR THE CABINET REVIEW INCLUDED THE LIST OF ILLUSTRATIVE COMPROMISES ON THE NON-DISCRIMINATION PROBLEM (STATE 061313) WHICH THE EMBASSY HAD FURNISHED TO HIM, AND THAT THE CABINET WAS AWARE OF THIS LIST IN TAKING ITS DECISION.

4. O'REILLY STATED THAT UNDER THIS NEW MANDATE, THE AUSTRALIAN OPPOSITION TO INCLUDING OF A NON-DISCRIMINATION CLAUSE REMAINS

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UNCHANGED. FOR THIS REASON, THE FIRST CHOICE OF THE GOA IN

ANY NEGOTIATION WOULD CONTINUE TO BE AGREEMENT ON A COMPREHENSIVE REVISION OF THE EXISTING TREATY WITHOUT ADDING ANY NON-DISCRIMINATION CLAUSE. TAKING NOTE OF THE HISTORY OF THIS ISSUE, HOWEVER, HE WENT ON TO SAY THAT THE ONLY FORMULA IN STATE 061313 WHICH APPEALED IN ANY DEGREE TO THE CABINET REVIEW WAS THE POSSIBILITY OF LIMITED AMENDMENT OF THE OLD CONVENTION WITHOUT ADDING NON-DISCRIMINATION ARTICLE RATHER THAN ENTERING INTO A "NEW" CONVENTION (I.E., PARA. 1(C) OF STATE 061313). BARRING A CHANGE IN THE U.S. POSITION ON THE NON-DISCRIMINATION QUESTION, THEREFORE, O'REILLY ASSUMES THAT ANY RESUMPTION OF NEGOTIATIONS WOULD PROCEED FROM THIS LIMITED APPROACH.

5. O'REILLY INDICATED THAT GOA PREFERS AND ASSUMES CANBERRA WOULD BE VENUE FOR RESUMED NEGOTIATIONS WHEN AND IF THEY ARE SCHEDULED.

6. ON QUESTION OF TIMING, HE STATED THAT GOA WOULD PREFER THAT NEGOTIATIONS BE RESUMED DURING FIRST HALF CALENDAR 1977. THEY UNDERSTAND VIA AUSTEMB WASHINGTON, HOWEVER, THAT U.S. NEGOTIATING PROGRAM RELATIVELY FULL AND THAT THIS TIMING MAY NOT PROVE FEASIBLE TO USG. IN THAT EVENT, GOA WOULD LIKE ANY RESUMED NEGOTIATIONS TO TAKE PLACE AS SOON THEREAFTER AS FEASIBLE, AND HOPEFULLY, IN ANY EVENT, PRIOR TO END OF CALENDAR 1977.  
HARGROVE

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## Message Attributes

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